



MAGIC VALLEY

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA, & TWIN FALLS COUNTIES

EMPLOYMENT TRENDS

South Central Idaho has not been immune to the economic slowdown and tendency toward recession that has been prevalent in the rest of the state and the nation as shown in Magic Valley Table 1. However, the effects on South Central Idaho have not been as pronounced as elsewhere. *Civilian Labor Force* increased by 1.1 percent from 2000 to 2001, and the unemployment rate was three-tenths of a percentage point lower in 2001; the overall number of unemployed people was down 7.8 percent. *Nonfarm Payroll Jobs* were down 1.8 percent year-over-year. The sectors that experienced the largest percentage decreases were *Mining & Construction*; *Transportation, Communication, & Utilities*; *Finance, Insurance, & Real Estate*; and *Government Administration*, which lost 7.2 percent, 5.7 percent, 7.8 percent, and 13.4 percent, respectively. One interesting decrease was in the *Services* sector, which lost 5.3 percent. This is notable because the *Services* sector has been the fastest growing sector in the labor force over the past three years. The two sectors with major increases in 2001 were *Retail Trade* and *Government Education* with 5.4 percent and 10.9 percent increases, respectively.

Yet despite the unmistakable signs of economic cooling, the Magic Valley seems to be avoiding some of the more serious problems experienced in other parts of the state and the nation. The reasons are varied. First, Idaho remains predominantly a resource-based state, most notably in timber, mining, and agriculture. The timber and mining industry suffered

Magic Valley Table 1: Labor Force & Employment

Twin Falls, Jerome, and Gooding Counties			
	Projected 2001	2000	% Change From Last Year
INDIVIDUALS BY PLACE OF RESIDENCE			
Civilian Labor Force	47,880	47,350	1.1
Unemployed	1,900	2,060	-7.8
% of Labor Force Unemployed	4.0	4.4	
Total Employment	45,980	45,290	1.5
JOBS BY PLACE OF WORK			
Nonfarm Payroll Jobs**	37,120	37,800	-1.8
Goods-Producing Industries	7,160	7,280	-1.6
Mining & Construction	1,930	2,080	-7.2
Manufacturing	5,230	5,200	0.6
Durable Goods	850	780	9.0
Nondurable Goods	4,380	4,420	-0.9
Food Processing	3,290	3,430	-4.1
Other Durable Goods	1,090	990	10.1
Service-Producing Industries	29,960	30,520	-1.8
Transportation, Comm., & Utilities	2,830	3,000	-5.7
Wholesale Trade	2,300	2,390	-3.8
Retail Trade	8,190	7,770	5.4
Finance, Insurance & Real Estate	1,300	1,410	-7.8
Services	8,510	8,990	-5.3
Government Administration	3,170	3,660	-13.4
Government Education	3,660	3,300	10.9

**Full- or part-time jobs of people who worked for or received wages in the pay period

setbacks, and mines and timber mills in Northern Idaho were forced to close. But in the agricultural sector, the picture was a bit different. Due to some drought conditions, the Idaho Power electrical buy-back, and some farmers leaving the market, production decreased significantly, and agricultural commodity prices rose perceptibly. In South Central Idaho, the dairy industry has stabilized agricultural employment. Dairy prices have been strong, and many former migrant workers now have full-time, year-round work. Furthermore, many farmers have changed their crop mixes toward feed grains, hay, and other crops to accommodate dairy demand. These types of crops have shorter growing seasons, are less labor intensive, and cost less to irrigate. So, of the three resource-based industries in Idaho, agriculture has fared much better than mining and timber.

Second, South Central Idaho has very little heavy manufacturing and high technology jobs. Nationwide, those two sectors have experienced a tremendous number of layoffs. In the Boise area alone, there have been over 5,000 layoffs in the circuit board, computer-making, and chip producing industries. The Magic Valley has virtually none of these industries and has not been affected by their volatility.

Third, consumer confidence is high, stimulating retail and economy growth. Since South Central Idaho has avoided major layoffs, consumers are still optimistic. Thus far the winter water year has been excellent and bodes well for breaking the cycle of drought. All of these factors have contributed to keeping the Magic Valley somewhat insulated, although not immune, to exterior forces.

What is the outlook for 2002? The first half of the year continues to look good for employment. Workers hired by the new Dell Computer technical support center in Twin Falls will go on payroll in January 2002, which should offset normal post holiday reductions in force. Several new retailers should employ about 200-300 new part-time workers by the end of the first quarter. State revenue is an area of concern, however. Already state agencies are cutting costs and laying off workers. The College of Southern Idaho and the local school districts are facing serious personnel cutbacks, and the loss of these good-paying professional jobs will have an impact on the local economy. If state funding continues to be severely curtailed and state services trimmed back, it cannot fail but to have a negative impact on the local economy. However, the Magic Valley economy should continue to outperform the rest of the state. Unemployment will be stable or perhaps slightly higher. The agricultural year should be good if the winter precipitation persists. Tourism will recover with the breaking of the drought. With more water, Idaho Power should not need to increase rates and thus business costs should be stable. All in all, 2002 is a year to look forward to with cautious optimism.

2001 ACTIVITY HIGHLIGHTS

Twin Falls County

- Dell Computer announced that it would be locating a consumer technical support center in the old Albertson's building on Pole Line Road in Twin Falls. This center will handle a variety

of Dell customer inquiries regarding Dell personal computer equipment. Initially, the center is expected to employ 200-250 workers. The effort to bring Dell to Twin Falls was a remarkable example of teamwork between local economic development entities and the state of Idaho. Dell completed negotiations with the city of Twin Falls on October 15, 2001, with the signing of the Memorandum of Understanding (MOU). The state of Idaho concluded its MOU on October 19, 2001, with Governor Dirk Kempthorne's signature. The Idaho Departments of Labor and Commerce were closely involved in the agreement, and Governor Kempthorne played an essential role in the procurement of the building. Magic Valley Job Service has been centrally involved in the process with Dell's human resources department and the College of Southern Idaho. Job Service staff conducted hundreds of personal telephone screenings and assisted in Dell overviews and interviews on nights and weekends. As of late December, Dell had hired the initial 130 workers it needs for its January 2002 training period of four weeks, and it is proceeding with interviews and hiring for a February 2002 class of 120 workers. The company plans to begin operating in February 2002.

- Four major department stores, three restaurants, and a financial institution have committed to open new business establishments in 2002 in the Canyon Park development in North Twin Falls. The development includes a retail, restaurant, and convention center on the rim of the Snake River Canyon. Neilsen & Co. is the regional real estate developer for the Canyon Park development. The Outback Restaurant opened in that area in mid-2001. The International House of Pancakes and Johnny Carino's Country Italian Restaurant plan to locate there in the second quarter of 2002. Department stores that have committed to locating in the development include T.J. Maxx, Old Navy, Famous Footwear, and Michael's. Zions National Bank also will build and locate a branch in this area. These businesses will create 200-250 full- and part-time jobs in the retail, services, and financial sectors by the middle of 2002.
- Magic Valley Regional Medical Center announced plans to purchase most of the Twin

Falls Clinic & Hospital by January 1, 2002. All of the clinic's inpatient services and outpatient surgery will be sold to the medical center. The clinic presently is licensed for 44 inpatient beds. The clinic's emergency department will close and Magic Valley Regional Medical Center will expand its emergency department to compensate for the increased patient load. The clinic will continue to function as a physician center with expanded hours for routine patient care. The doctors located in the clinic will continue to practice as before. The merger will possibly displace 25-50 workers.

- Albertson's closed its Pole Line Road store on September 10, 2001, as part of a corporate-wide cost-cutting strategy. The move affected approximately 70 workers. The building did not remain vacant for long and was a central part of the successful recruitment that brought Dell Computers to Twin Falls.
- The U.S. Postal Service closed its postal encoding center in Twin Falls in August 2001. The closure was the result of new technology that reduced the need for manual processing of handwritten and poorly printed addresses. The closure affected 105 workers. Career postal employees were offered employment in other postal facilities, but the remaining workers were displaced. The Twin Falls center, which opened in 1992, was operated by a private contractor until 1996 when the U.S. Postal Service took over operations.
- In June 2001, the Southern Idaho Economic Development Organization (SIEDO) began operations and hired its first executive director. Jan Rogers, formerly the marketing director for the *Times-News*, was selected as executive director from a pool of 30 applicants. She has more than 25 years of experience in marketing and management in Texas and the Magic Valley. SIEDO was formed by a coalition of public and private sector leaders from Twin Falls and Jerome as a means to formalize and coordinate efforts to attract new employers to the area and to assist existing businesses to expand.

Jerome, Gooding, Lincoln, Blaine, and Camas Counties

- Idaho Governor Dirk Kempthorne attended the grand opening and ribbon cutting ceremonies

for the new Tele-Servicing Innovations, Inc. (TSI) call center in Jerome on August 1, 2001. Also in attendance were TSI President Jeff Neiswanger, Idaho Lt. Governor Jack Riggs, Idaho Department of Labor Director Roger Madsen, Idaho Department of Commerce Director Gary Mahn, and State Representative Maxine Bell along with many business and civic leaders. Governor Kempthorne praised Jerome's economic development efforts and cited Jerome as a leader in rural economic development. He also announced approval of a \$500,000 Rural Community Development Grant for the creation of a business park and high-tech campus located near the Jerome butte. The funds are allocated for infrastructure improvements. TSI opened in July 2001, employing approximately 100 workers.

- WestFarm Foods, a Seattle-based dairy processor, announced plans to construct a 70,500-square-foot milk dehydration plant next to its existing condensing plant in Jerome. The new facility in the Jerome Industrial Park will have the initial capacity to convert 3.3 million pounds of locally processed milk per day into nonfat dry milk. The company said it designed the new plant to be further expanded to process six million pounds of milk per day into cheese, whey, or nonfat dry milk, depending upon prevailing markets. The new dehydration plant will add 23 permanent full-time jobs when it begins operations in July 2002.
- Wendell School District voters approved a 20-year, \$4.6 million plant levy that will finance construction of a new 56,000-square-foot middle school and a separate 3,000-square-foot vocational technical building. Approval of the levy also secured a \$1.5 million state Safe School plant facilities grant that will be used to pay interest on the levy amount.
- AT&T announced the location of its new Point of Presence (PoP) site on the butte east of Jerome in 2001. The new facility allows AT&T Internet users a closer connection point to the fiber optics line that runs through downtown Jerome as opposed to connecting in Pocatello or Boise. Jerome is one of only two such PoP sites recently located in Idaho. The other site serves the Lewiston area. The two sites together represented a \$1.5 million investment by

AT&T. This new site is expected to trigger interest in bringing new technology businesses to the area.

- Mexican President Vincente Fox, Mexican First Lady Marta Sahaguin de Fox, and Mexico's Ambassador to the United States, Juan Jose Bremer, attended a retreat sponsored by Allen & Company in Sun Valley. President Fox was the keynote speaker. The annual event is a gathering of media and business leaders from across the United States and the world. President Fox spoke about improved trade relations between the United States and Mexico, as well as other issues such as immigration. Idaho Governor Dirk Kempthorne also met with President Fox to discuss trade issues between Idaho and Mexico.
- In 2001, an affordable housing complex was dedicated in the City of Hailey. The Balmoral Apartment Complex is reserved for residents earning 30 to 60 percent of the area median income, or \$19,950 to \$39,900. Rent for one, two, and three bedroom apartments ranges from \$330 to \$775 per month. The project was made possible through federal low income housing tax credit that is administered on behalf of the state by the Idaho Housing and Finance Association. The 192-unit apartment complex is a response to the increasing need for affordable housing in the Blaine County area.

Cassia and Minidoka Counties

- The Heyburn City Council voted unanimously to annex 32 acres that include the J.R. Simplot Heyburn Plant. The council had been considering this for several months, but had suspended action on this while city and company officials negotiated electrical rates. However, there was not satisfactory progress made and the city proceeded with annexation. Simplot countered with litigation alleging that the city's electrical rates were unreasonable and exorbitant. The issue was sent to the Fifth District Court where it was ruled that the city had acted properly in its annexation and would not award Simplot any reparations for high electrical rates. The court did not completely rule out a decision on whether the rates are unreasonable. Simplot is considering an appeal to the ruling.

- Wal-Mart confirmed that it will expand its present Burley store into a supercenter. The plans call for a 73 percent expansion in square footage to a total of 161,320-square feet. This will make the store slightly larger than the Jerome supercenter that was built in 2000. Construction is expected to begin in early 2002 with completion expected by 2003. The store presently employs approximately 200 people and could hire as many as 250 more people when the expansion is complete.
- Minidoka County School District voters approved a \$10.3 million plant facilities levy. The levy will finance extensive remodeling and equipment upgrades to several district schools, although the majority of the money will finance improvements at Minico High School. Residents will not see a tax increase because the district retired a 20-year bond issue in February 2001.
- The College of Southern Idaho announced a \$230,000 expansion of its nursing program in the Mini-Cassia area to include laboratory and clinical instruction for Licensed Practical Nurses (LPNs). The CSI branch in Burley has more than 60 students in a two-year Registered Nursing program, but its LPN program was offered only in Twin Falls. The expansion is in response to local shortages of LPNs. About 20 students per year will participate in the Mini-Cassia program, according to estimates. Combined with the Twin Falls program, the college will graduate about 40 new LPNs per year. The new program will feature classes at the CSI branch in Burley, and students will receive training in laboratory methods at Minico High School's lab. CSI is equipping that lab with an interactive video system for LPN students. The entire training course will last approximately one year.

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